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NEW RIVER UTILITY COMPANY

W-01737A-01-0658

RATE CASE APPLICATION

0662

TEST YEAR 2000

New River Utility Co.
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Peoria, AZ 85007

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New River Utility Company

Test Year Ended December 31, 2000

Pursuant to an order of the Arizona Corporation Commission, dated April 14, 2000, New River Utility Company hereby submits the attached Rate Case Application for test year ended December 31, 2000.

New River Utility Company is an Arizona "C" Corporation engaged in the business of providing public utility water service. A rate case was filed for test year ended December 31, 1998. A temporary rate increase was approved at that time with an attached order from the ACC to apply for a permanent rate increase. In addition, New River has begun keeping its books and records according to the NARUC uniform system of accounts.

New River has continued to experience rapid growth. The Company had 338 customers as of December 31, 1998, 976 as of December 31, 1999, 1,397 as of December 31, 2000, and is expected to continue adding approximately 300 customers or more in 2001.

The proposed rate increases included in the application are necessary in order to provide a rate of return to the owner of the Company and allow for staffing increases and equipment increases in order to handle the increased size of the customer base.

Company Name:

New River Utility Company

Test Year Ended:

12/31/2000

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
55-805437L	200	1000	20	8
55-616944	150	500	20-16	6
55-616945	300	1200	16	8
55-616946	75	300	16	6
55-616947	125	800	16	8
55-616948	300	1200	16	8
55-611440	75	300	20	6

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
C. A. P.		None

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = 29,636

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
100 HP	2	154	
25 HP	6		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
1,000,000 Gal	3	5,000 Gal	2

New River Utility Company Rate Case Application

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NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

A-1 COMPUTATION OF INCREASE IN GROSS REVENUE REQUIREMENTS

	<u>Original Cost</u>
1 Adjusted Rate Base	764,150 (a)
2 Adjusted Operating Income	(185,356) (b)
3 Current Rate of Return	-24.26%
4 Required Operating Income	83,247 (b)
5 Required Rate of Return	10.89%
6 Operating Income Deficiency (4-2)	268,603
7 Gross Revenue Conversion Factor	1.2815 (c)
8 Increase in Gross Revenue Requirements (6 x 7)	344,222
9 Net Income Required	61,097
10 Rate of Return	8.00%

<u>CUSTOMER CLASSIFICATION</u>	<u>Projected Revenue Increase</u>	<u>% Increase</u>
Residential 5/8 x 3/4" Meter	186,959	78.76% (d)
1" Meter	9,007	60.51% (d)
1-1/2" Meter	4,686	87.47% (d)
2" Meter	89,529	88.65% (d)
Construction Standpipe	45,165	100.00% (d)
Misc Service Revenues	8,875	100.00%
	<u>344,222</u>	

Supporting Schedules:

(a) B-1 (c) C-3
(b) C-1 (d) H-1

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

A-2 SUMMARY RESULTS OF OPERATIONS

Line No.	Description	Prior Years Ended		Test Year Ended 12/31/00			Projected Year Ended 12/31/01	
		12/31/98	12/31/99	Actual	Adjusted	Proposed Rates	Present Rates	Proposed Rates
		(a)	(a)	(a)	(b)	(b)	(c)	(c)
1	Gross Revenues	124,372	248,764	412,639	412,639	756,861	564,102	949,280
2	Revenue Deductions & Operating Expenses	197,566	295,073	415,909	597,995	597,995	721,445	721,445
3	Operating Income	(73,194)	(46,309)	(3,270)	(185,356)	83,247	(157,344)	141,147
4	Other Income & Deductions							
5	Interest Expense	-	46,867	22,150	22,150	22,150	16,237	16,237
6	Net Income (Loss)	(73,194)	(93,176)	(25,420)	(207,506)	61,097	(173,581)	124,910
7	Earned Per Average Common Share	(732)	(932)	(254)	(2,075)	611	(1,736)	1,249
8	Dividends Per Common Share	0	0	0	0	0	0	0
9	Payout Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	Return on Average Invested Capital	No Return	No Return	No Return	No Return	2.20%	N/A	N/A
11	Return on Year End Capital	No Return	No Return	No Return	No Return	1.48%	N/A	N/A
12	Return on Average Common Equity	No Return	No Return	No Return	No Return	Avg Equity Negative	N/A	N/A
13	Return on Year End Common Equity	No Return	No Return	No Return	No Return	16.64%	N/A	N/A
14	Times Bond Interest Earned - Before Income Taxes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	Times Total Interest and Preferred Dividends	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Supporting Schedules

(a) E-2

(b) C-1

(c) F-1

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

A-4 CONSTRUCTION EXPENDITURES AND GROSS UTILITY PLANT IN SERVICE

	<u>Year</u>	<u>Construction Expenditures (a)</u>	<u>Net Plant Placed In Service (b)</u>	<u>Gross Utility Plant In Service</u>
1	1998	0	20,714	1,598,941
2	1999	0	18,000	1,616,941
3	Test Year - 2000	0	2,693,929	4,334,705
4	Projected - 2001	0	1,800,000	6,134,705

Supporting Schedules

(a) F-3

(b) E-5

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

B-1 SUMMARY OF ORIGINAL COST AND RCND BASE ELEMENTS

	Original Cost Rate Base	
1 Gross Utility Plant in Service	4,310,871	
2 Less: Accumulated Depreciation	<u>(279,079)</u>	
3 Net Utility Plant in Service	4,031,792	(a)
Less:		
4 Customers' Advances for Construction	(3,328,575)	(c)
5 Contributions In Aid of Construction	0	
Add:		
6 Allowance for Working Capital	60,933	(d)
7 Total Rate Base	<u>764,150</u>	(e)

Supporting Schedules

(a) B-2 (d) B-5
(c) E-1

Recap Schedules:

(e) A-1

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

B-2 ORIGINAL COST RATE BASE PRO FORMA ADJUSTMENTS

	Actual at End of Test Year (a)	Pro Forma Adjustments			Adjusted at End of Test Year (b)
		A	B	C	
1 Gross Utility Plant in Service	4,334,705	(23,834)			4,310,871
2 Less: Accumulated Depreciation	<u>(357,410)</u>	78,331			<u>(279,079)</u>
3 Net Utility Plant in Service	<u>3,977,295</u>				<u>4,031,792</u>

Supporting Schedules

(a) E-1

Recap Schedules:

(e) B-1

ADJUSTMENT EXPLANATION:

- A Remove plant not being used and accumulated depreciation on unused plant and to adjust for tax depreciation differences - per 1998 Staff Report dated 1/18/2000.

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000
B-5 COMPUTATION OF WORKING CAPITAL

	<u>Amount</u>	
1 Cash Working Capital		
1/24 Pumping Power Expense	3,929.27	(\$94,303 / 24) Purchased Power (Column O from C-1))
1/8 Operations & Maintenance Expense	<u>57,003.70</u>	(Column O from C-1 Total Expenses less Purchased
		Power, property taxes, and rate case)
Total Cash Working Capital	60,932.98	
2 Materials & Supplies Inventories	0 (a)	
3 Prepayments	<u>0 (a)</u>	
4 Total Working Capital Allowance	<u>60,932.98 (b)</u>	

Supporting Schedules

(a) E-1

Recap Schedules:

(b) B-1

C-1 -ADJUSTED TEST YEAR INCOME STATEMENT

		Actual For The Test Year Ended (a)	Pro Forma Adjustments (b)	Test Year Results After Pro Forma Adjustments	Proposed Rate Increase	Adjusted With Rate Increase
Revenues:						
461	Metered Water Sales					
461-100	Metered - Residential	252,254		252,254	195,966	448,220
461-200	Metered - Commercial	106,345		106,345	94,215	200,560
461-700	Metered - Standpipe	45,165		45,165	45,166	90,331
		403,764		403,764		739,111
471	Misc Service Revenues	8,875		8,875	8,875	17,750
Total Revenue		412,639		412,639	344,222	756,861
Expenses:						
601	Salaries & Wages	52,103	88,000	140,103		140,103
615	Purchased Power	94,303		94,303		94,303
618	Chemicals	2,438		2,438		2,438
620	Materials & Supplies	8,631		8,631		8,631
621	Office Supplies & Expense					
621-100	Telephone	2,307		2,307		2,307
621-200	Payroll Service	376		376		376
621-300	Postage	3,322		3,322		3,322
621-400	Temporary Labor	592		592		592
621-500	Office Supplies	3,091		3,091		3,091
		9,689		9,689		9,689
631	Contractual Services - Professional	580		580		580
632	Contractual Services - Accounting	16,000		16,000		16,000
633	Contractual Services - Legal	5,174		5,174		5,174
635	Contractual Services - Testing	25,756		25,756		25,756
636	Contractual Services - Other	5,083		5,083		5,083
640	Rents	18,000	9,600	27,600		27,600
655	Insurance Expense	5,448		5,448		5,448
665	Regulatory Commission Expense	5,955		5,955		5,955
	Rate Case Expense		10,000	10,000		10,000
675	Miscellaneous Operating Expense					
675-300	Inspection Fees	16,637		16,637		16,637
675-400	Bank Charges	1,432		1,432		1,432
675-500	Blue Stake	684		684		684
675-000	Misc Oper Exp - Other	3,517		3,517		3,517
		22,271		22,271		22,271
680	Taxes not Property or Income	6,070	10,252	16,322		16,322
	Property Tax	21,341		21,341		21,341
403	Depreciation	117,068	64,234	181,302		181,302
Total Expenses		415,909	182,086	597,995		597,995
Operating Income (Loss) Before Income Taxes		(3,270)		(185,356)	(c)	158,866
	Federal Taxes					51,633
	State Taxes	-		-		23,985
Operating Income (Loss)		(3,270)		(185,356)		83,247
	Interest Expense	22,150		22,150		22,150
NET INCOME (LOSS)		(25,420)		(207,506)		61,097

Supporting Schedules:

Recap Schedules:

(a) E-2

(b) C-2

(c) A-1

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000
C-2 INCOME STATEMENT PRO FORMA ADJUSTMENTS

(a)			
Revenues:			
461	Metered Water Sales		
461-100	Metered - Residential	195,966	All revenue adjustments are a result of new proposed rates
461-200	Metered - Commercial	94,215	
461-700	Metered - Standpipe	45,166	
471	Misc Service Revenues	8,875	
Total Revenue		344,222	
Expenses:			
601	Salaries & Wages	88,000	Additional Salaries - Bring Managers salary to \$70,000 from \$24,000 and Additional admin / meter reader needed \$30,000
615	Purchased Power		
618	Chemicals		
620	Materials & Supplies		
621	Office Supplies & Expense		
621-100	Telephone		
621-200	Payroll Service		
621-300	Postage		
621-400	Temporary Labor		
621-500	Office Supplies		
631	Contractual Services - Professional		
632	Contractual Services - Accounting		
633	Contractual Services - Legal		
635	Contractual Services - Testing		
636	Contractual Services - Other		
640	Rents	9,600	Two leased trucks needed at \$400/each per month
655	Insurance Expense		
665	Regulatory Commission Expense		
	Rate Case Expense	10,000	Fees related to preparation and continuing consulting regarding rate case
675	Miscellaneous Operating Expense		
675-300	Inspection Fees		
675-400	Bank Charges		
675-500	Blue Stake		
675-000	Misc Oper Exp - Other		
676	Sales Tax - AZ		
677	Sales Tax - Peoria		
680	Taxes not Property or Income	10,252	Additional Payroll taxes for salaries mentioned above
	Property Tax		
403	Depreciation	64,234	Additional depreciation which will result from adoption of new depreciation rates
Total Expenses		182,086	

Supporting Schedules:

Recap Schedules:

(a) C-1

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

C-3 COMPUTATION OF GROSS REVENUE CONVERSION FACTOR

	<u>Percentage Of Incremental Gross Revenues</u>
Federal Income Taxes	15.000%
State Income Taxes	6.968%
Other Taxes & Expenses	
	<hr/>
Total Tax Percentage	<u>21.968%</u>
Operating Income % = 100% - Tax Percentage	78.032%
Gross Revenue Conversion Factor	1.2815

Supporting Schedules:

Recap Schedules:

(a) C-1

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000
D-1 SUMMARY COST OF CAPITAL

	End of Test Year				End of Projected Year			
	Amount	%	Cost Rate	Composite Cost	Amount	%	Cost Rate	Composite Cost
Invested Capital								
Long-Term Debt (a)	202,967	35.60%	8.00%	2.85%	202,967	29.20%	8.00%	2.34%
Preferred Stock	0	0	0	0	0	0	0	0
Common Equity	367,213	64.40%	12.50%	8.05%	492,123	70.80%	12.50%	8.85%
Short Term Debt	0	0	0	0	0	0	0	0
Deferrals	0	0	0	0	0	0	0	0
TOTALS	<u>570,181</u>	<u>100.00%</u>		<u>10.90%</u>	<u>695,091</u>	<u>100.00%</u>		<u>11.19%</u>

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000
E-1 COMPARATIVE BALANCE SHEET

		Test Year 2000	Prior Year 1999	Prior Year 1998
ASSETS:				
131	Checking	113,123	12,694	12,211
141	Accounts Receivable	30,669	24,767	
	TOTAL CURRENT ASSETS	143,792	37,461	12,211
101	Fixed Assets			
101-303	Land & Land Rights	75,181	75,181	57,181
101-304	Structures & Improvements	61,495	2,750	2,750
101-307	Wells & Springs	808,186	258,186	258,186
101-311	Electric Pumping Equipment	686,831	239,657	239,657
101-330	Distribution Reservoirs	1,029,162	283,562	283,562
101-331	Transmission & Dist. Mains	1,123,616	428,326	428,326
101-333	Services	236,325	236,325	236,325
101-334	Meters	103,288	86,238	86,238
101-335	Hydrants	193,193	13,123	13,123
101-340	Office Furniture & Fixtures	17,428	17,428	17,428
108-000	Accumulated Depreciation & Amortization	(357,410)	(240,342)	(195,649)
	TOTAL ASSETS	4,121,087	1,437,895	1,439,338
LIABILITIES & EQUITY:				
LIABILITIES				
231	Accounts Payable			
231-100	Reimbursable	23,890	13,342	-
231-200	Accounts Payable - C.A.P.	156,808	156,808	156,808
231-300	Customer Meter Deposits	1,000	5,000	-
231-400	Accrued Expenses	40,133	58,148	31,173
		221,831	233,298	187,981
235	Customer Security Deposit	500	-	-
	TOTAL CURRENT LIABILITIES	222,331	233,298	187,981
LONG-TERM LIABILITIES				
241	Misc. Accrued Liabilities			
241-100	Due to Cody Farms	202,967	292,294	253,294
252	Advances in Aid of Construction			
252-100	Fulton Homes	1,713,206	340,363	335,729
252-200	Dehaven	103,189	250	-
252-300	Beazer	424,331	-	-
252-400	Payne	2,533	2,533	-
252-500	School District	986,366	984,946	984,946
252-600	Deer Valley Service	62,681	-	-
252-700	Payne Resources	36,270	-	-
		3,328,575	1,328,092	1,320,675
	TOTAL LONG-TERM LIABILITIES	3,531,543	1,620,386	1,573,969
	TOTAL LIABILITIES	3,753,873	1,853,683	1,761,950
EQUITY				
201	Common Stock	100	100	100
211	Paid In Capital	978,819	170,398	170,398
215	Retained Earnings	(586,285)	(493,110)	(419,916)
	Net Income	(25,420)	(93,176)	(73,194)
	TOTAL EQUITY	367,213	(415,788)	(322,612)
	TOTAL LIABILITIES & EQUITY	4,121,087	1,437,895	1,439,338

Supporting Schedules:

(a) E-5

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

E-2 COMPARATIVE INCOME STATEMENTS

	Test Year Ended 2000 (a)	Test Year Ended 1999	Test Year Ended 1998
Revenues	412,639	248,764	124,372
Operating Expenses	415,909	295,073	197,566
Operating Income	(3,270)	(46,309)	(73,194)
Interest Expense	22,150	46,867	0
Net Income	(25,420)	(93,176)	(73,194)
Preferred Dividends	0	0	0
Earnings Available For Common Stock	(25,420)	(93,176)	(73,194)
Earnings Per Share of Average Common Stock Outstanding	(254)	(932)	(732)

Supporting Schedules:

(a) E-2

Recap Schedules:

(b) A-2

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

E-5 DETAIL OF UTILITY PLANT

		<u>End of Test Year 2000</u>	<u>Net Additions</u>	<u>End of Prior Year 1999</u>
101	Fixed Assets			
101-303	Land & Land Rights	75,181	-	75,181
101-304	Structures & Improvements	61,495	58,745	2,750
101-307	Wells & Springs	808,186	550,000	258,186
101-311	Electric Pumping Equipment	686,831	447,174	239,657
101-330	Distribution Reservoirs	1,029,162	745,600	283,562
101-331	Transmission & Dist. Mains	1,123,616	695,290	428,326
101-333	Services	236,325	-	236,325
101-334	Meters	103,288	17,050	86,238
101-335	Hydrants	193,193	180,070	13,123
101-340	Office Furniture & Fixtures	17,428	-	17,428
	Total Plant in Service	4,334,705	2,693,929	1,640,776
108-000	Accumulated Depreciation & Amortization	<u>(357,410)</u>	<u>(117,068)</u>	<u>(240,342)</u>
	Net Plant in Service	3,977,295	2,576,861	1,400,434
	Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>
	TOTAL NET PLANT	<u><u>3,977,295</u></u>	<u><u>2,576,861</u></u>	<u><u>1,400,434</u></u>

Supporting Schedules:

Recap Schedules:

E-1
A-4

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000
E-7 OPERATING STATISTICS

	Test Year Ended 2000	Prior Year Ended 1999	Prior Year Ended 1998
<u>Water Statistics:</u>			(a)
Gallons Sold - By Class of Service			
Residential 5/8 x 3/4" Meter	162,930,625	145,873,686	(Note 1)
1" Meter	8,005,000	(Note 1)	(Note 1)
1-1/2" Meter	4,534,000	(Note 1)	(Note 1)
2" Meter	82,748,715	65,102,592	(Note 1)
Construction Standpipe	45,165,437	42,597,800	(Note 1)
Total	303,383,777	253,574,078	104,161,000
Average Number of Customers - By Class of Service			
Residential 5/8 x 3/4" Meter	1,094	870	120
1" Meter	36		
1-1/2" Meter	2		
2" Meter	35	22	3
3" Meter	-		
Construction Standpipe			
Average Annual Gallons Per Residential Customer	151,270	167,671	155,148
Average Annual Revenue Per Residential Customer	\$223.23	\$142.76	\$143.16
Pumping Cost Per 1,000 Gallons - Total	0.43	0.41	0.61

(a) Per Staff report prepared January 18, 2000

(Note 1) Info unavailable - at the time, New River Utility was not following NARUC accounting methods.

E-8 TAXES CHARGED TO OPERATIONS

	<u>Test Year Ended 2000</u>	<u>Prior Year Ended 1999</u>	<u>Prior Year Ended 1998</u>
Federal Taxes:	0	0	0
State Taxes:	50	50	50 Reported in Misc Expenses
Local Taxes			
Property Taxes	21,341	23,863	10,182
Payroll Taxes	<u>8,073</u>	<u>5,633</u>	<u>6,209</u>
TOTAL TAXES	<u>29,464</u>	<u>29,546</u>	<u>16,441</u>

NEW RIVER UTILITY COMPANY
TEST YEAR ENDED DECEMBER 31, 2000
SCHEDULE E-9 - NOTES

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

New River Utility Company (*the Company*) is engaged in the distribution and sale of water in Northwest Phoenix, AZ. The Company was incorporated in Arizona as a C Corporation on December 26, 1984 and pays Federal and State taxes at the Corporate level.

Property and Equipment

Property and equipment are recorded at purchased cost and depreciated over the estimated useful lives of the assets using methods approved by the Arizona Corporation Commission (*See attached schedule*). Major improvements and betterments to existing equipment are capitalized. Expenditures for repairs and maintenance which do not extend the useful lives of the applicable assets are charged to expense as incurred. Gain or loss on dispositions of assets is credited or charged to earnings and the related asset costs and accumulated depreciation are removed from the appropriate accounts.

Interest Capitalization

No interest charges have been capitalized on the books of New River Utility Company.

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

F-1 PROJECTED INCOME STATEMENTS - PRESENT & PROPOSED RATES

		Actual For The Test Year Ended (a)	2001 Projected Adj.	Projected 2001 Present Rates	Projected 2001 Proposed Rates
Revenues:					
461	Metered Water Sales				
461-100	Metered - Residential	252,254		379,029	612,165
461-200	Metered - Commercial	106,345		141,440	249,850
461-700	Metered - Standpipe	45,165		36,132	72,265
		403,764		556,602	934,280
471	Misc Service Revenues	8,875		7,500	15,000
Total Revenue		412,639		564,102	949,280
Expenses:					
601	Salaries & Wages	52,103	25,000 (1)	165,103	165,103
615	Purchased Power	94,303	23,156 (2)	117,459	117,459
618	Chemicals	2,438	621 (2)	3,059	3,059
620	Materials & Supplies	8,631	2,133 (2)	10,764	10,764
621	Office Supplies & Expense				
621-100	Telephone	2,307		2,307	2,307
621-200	Payroll Service	376	56 (3)	432	432
621-300	Postage	3,322	2,100 (4)	5,422	5,422
621-400	Temporary Labor	592		592	592
621-500	Office Supplies	3,091	464 (3)	3,555	3,555
		9,689		12,309	12,309
631	Contractual Services - Professional	580	87 (3)	667	667
632	Contractual Services - Accounting	16,000	2,400 (3)	18,400	18,400
633	Contractual Services - Legal	5,174	776 (3)	5,950	5,950
635	Contractual Services - Testing	25,756	3,863 (3)	29,619	29,619
636	Contractual Services - Other	5,083	762 (3)	5,845	5,845
640	Rents	18,000		27,600	27,600
655	Insurance Expense	5,448	817 (3)	6,265	6,265
665	Regulatory Commission Expense	5,955	893 (3)	6,848	6,848
	Rate Case Expense				
675	Miscellaneous Operating Expense				
675-300	Inspection Fees	16,637	2,496 (3)	19,133	19,133
675-400	Bank Charges	1,432	215 (3)	1,647	1,647
675-500	Blue Stake	684	103 (3)	787	787
675-000	Misc Oper Exp - Other	3,517	528 (3)	4,045	4,045
		22,271		25,613	25,613
680	Taxes not Property or Income	6,070	2,913 (8)	19,235	19,235
	Property Tax	21,341	1,067 (5)	22,408	22,408
403	Depreciation	117,068		244,302	244,302
Total Expenses		415,909		721,445	721,445
Operating Income (Loss) Before Income Taxes		(3,270)		(157,344)	227,835
	Federal Taxes		21,536 (6)	-	71,943
	State Taxes	-	4,802 (6)	-	14,744
Operating Income (Loss)		(3,270)		(157,344)	141,147
	Interest Expense	22,150	(5,913) (7)	16,237	16,237
NET INCOME (LOSS)		(25,420)		(173,581)	124,910

Earnings Per Share of Common
Stock Outstanding

(254)

Not
Required

Not
Required

% Return on Common Equity

Negative
Return

N/A

N/A

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

F-3 PROJECTED CONSTRUCTION REQUIREMENTS / PLANT ADDITIONS

<u>Property Classification</u>	<u>Test Year Ended 2000</u>	<u>Projected Year 2001</u>
Production Plant	997,174	
Transmission Plant	1,696,755	1,800,000
Total Plant	<u><u>2,693,929</u></u>	<u><u>1,800,000</u></u>

Supporting Schedules:

Recap Schedules:

(a) A-4

F-4 ASSUMPTIONS USED IN DEVELOPING PROJECTION

- (1) Projected to add 300 customers in 2001 - additional salaries for admin / meter readers necessary
- (2) Additional costs associated with additional gallons to be pumped - calculated at historical rate per gallon
- (3) Customers to increase by 23.5%: Gallons pumped to increase 25% - these expenses adjusted upward 15%
- (4) Additional costs associated with mailing increased number of bills
- (5) 5% expected increase in property taxes
- (6) Additional income taxes resulting from additional revenues
- (7) Decreased interest expense expected as debt decreased from prior year
- (8) Additional payroll tax for salaries added in (1) above

H-1 SUMMARY OF REVENUES BY CUSTOMER CLASSIFICATION - PRESENT & PROPOSED RATES

	<u>Revenues in Test Year</u>		<u>Dollar Increase</u>	<u>% Increase</u>
	<u>Present Rates</u>	<u>Proposed Rates</u>		
Residential 5/8 x 3/4" Meter	237,370	424,329	186,959	78.76%
1" Meter	14,884	23,891	9,007	60.51%
1-1/2" Meter	5,357	10,043	4,686	87.47%
2" Meter	100,988	190,517	89,529	88.65%
Construction Standpipe	45,165	90,331	45,165	100.00%
Misc Service Revenues	8,875	17,750	8,875	100.00%
	<u>412,639</u>	<u>756,861</u>	<u>344,222</u>	

Supporting Schedules:

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000
H-3 CHANGES IN REPRESENTATIVE RATE SCHEDULES

	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Percent Change</u>
Monthly Usage Charge			
Residential 5/8 x 3/4" Meter	7.50	7.50	-
3/4" Meter	7.50	7.50	-
1" Meter	18.75	18.75	-
1-1/2" Meter	37.50	37.50	-
2" Meter	60.00	60.00	-
3" Meter	120.00	120.00	-
4" Meter	190.00	190.00	-
6" Meter	375.00	375.00	-
8" Meter	750.00	750.00	-
Construction Standpipe	-	-	-
Gallons in Minimum			
All meter sizes	-	-	0.00%
Commodity Rates (per 1,000 gallons over minimum)			
All meter sizes	1.00	2.00	100.00%
Standpipe Rate			
Per 1,000 Gallons	1.50	2.00	33.33%
Service Line and Meter Installation Charges			
5/8 x 3/4" Meter	410.00	410.00	0.00%
3/4" Meter	410.00	410.00	0.00%
1" Meter	520.00	520.00	0.00%
1-1/2" Meter	660.00	660.00	0.00%
2" Meter	1,155.00	1,155.00	0.00%
2" Meter Compound	1,720.00	1,720.00	0.00%
3" Meter	1,625.00	1,625.00	0.00%
3" Meter Compound	2,260.00	2,260.00	0.00%
4" Meter	2,500.00	2,500.00	0.00%
4" Meter Compound	3,200.00	3,200.00	0.00%
6" Meter	4,500.00	4,500.00	0.00%
6" Meter Compound	6,300.00	6,300.00	0.00%
8" Meter	8,200.00	8,200.00	0.00%
Service Charges			
Establishment	25.00	50.00	100.00%
Establishment (After Hours)	35.00	60.00	71.43%
Reconnection (Delinquent)	35.00	60.00	71.43%
Deposit			
Deposit Interest			
Re-establishment (Within 12 months)			
NSF Check	15.00	15.00	0.00%
Deferred Payment	1.50%	1.50%	0.00%
Meter Test (If Correct)	40.00	40.00	0.00%
Meter Re-Read (If Correct)	20.00	20.00	0.00%
Late Charge (Per Month)	1.50%	1.50%	0.00%
Fire Sprinkler Rate			

H-4 TYPICAL BILL ANALYSIS

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000

	<u>Monthly Consumption</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>% Increase</u>
Residential 5/8 x 3/4" Meter					
	-	7.50	7.50	-	0.00%
	1,000	7.50	7.50	-	0.00%
	2,000	8.50	9.50	1.00	11.76%
	3,000	9.50	11.50	2.00	21.05%
	4,000	10.50	13.50	3.00	28.57%
	5,000	11.50	15.50	4.00	34.78%
	6,000	12.50	17.50	5.00	40.00%
	7,000	13.50	19.50	6.00	44.44%
	8,000	14.50	21.50	7.00	48.28%
	9,000	15.50	23.50	8.00	51.61%
	10,000	16.50	25.50	9.00	54.55%
	11,000	17.50	27.50	10.00	57.14%
	12,000	18.50	29.50	11.00	59.46%
	13,000	19.50	31.50	12.00	61.54%
	14,000	20.50	33.50	13.00	63.41%
	15,000	21.50	35.50	14.00	65.12%
	16,000	22.50	37.50	15.00	66.67%
	17,000	23.50	39.50	16.00	68.09%
	18,000	24.50	41.50	17.00	69.39%
	19,000	25.50	43.50	18.00	70.59%
	20,000	26.50	45.50	19.00	71.70%
Average Usage	12,345	19.50	31.50	12.00	61.54%
Median Usage	12,500	19.00	30.50	11.50	60.53%
1" Meter					
	-	18.50	18.50	-	0.00%
	1,000	18.50	18.50	-	0.00%
	2,000	19.50	20.50	1.00	5.13%
	3,000	20.50	22.50	2.00	9.76%
	4,000	21.50	24.50	3.00	13.95%
	5,000	22.50	26.50	4.00	17.78%
	6,000	23.50	28.50	5.00	21.28%
	7,000	24.50	30.50	6.00	24.49%
	8,000	25.50	32.50	7.00	27.45%
	9,000	26.50	34.50	8.00	30.19%
	10,000	27.50	36.50	9.00	32.73%
	11,000	28.50	38.50	10.00	35.09%
	12,000	29.50	40.50	11.00	37.29%
	13,000	30.50	42.50	12.00	39.34%
	14,000	31.50	44.50	13.00	41.27%
	15,000	32.50	46.50	14.00	43.08%
	16,000	33.50	48.50	15.00	44.78%
	17,000	34.50	50.50	16.00	46.38%
	18,000	35.50	52.50	17.00	47.89%
	19,000	36.50	54.50	18.00	49.32%
	20,000	37.50	56.50	19.00	50.67%
	25,000	42.50	66.50	24.00	56.47%
	30,000	47.50	76.50	29.00	61.05%
	35,000	52.50	86.50	34.00	64.76%
	40,000	57.50	96.50	39.00	67.83%
	45,000	62.50	106.50	44.00	70.40%
	50,000	67.50	116.50	49.00	72.59%
Average Usage	21,487	39.50	60.50	21.00	53.16%
Median Usage	12,500	30.00	41.50	11.50	38.33%

	Monthly Consumption	Present Bill	Proposed Bill	Dollar Increase	% Increase
1-1/2" Meter					
	-	37.50	37.50	-	0.00%
	1,000	37.50	37.50	-	0.00%
	2,000	38.50	39.50	1.00	2.60%
	3,000	39.50	41.50	2.00	5.06%
	4,000	40.50	43.50	3.00	7.41%
	5,000	41.50	45.50	4.00	9.64%
	6,000	42.50	47.50	5.00	11.76%
	7,000	43.50	49.50	6.00	13.79%
	8,000	44.50	51.50	7.00	15.73%
	9,000	45.50	53.50	8.00	17.58%
	10,000	46.50	55.50	9.00	19.35%
	20,000	56.50	75.50	19.00	33.63%
	30,000	66.50	95.50	29.00	43.61%
	40,000	76.50	115.50	39.00	50.98%
	50,000	86.50	135.50	49.00	56.65%
	60,000	96.50	155.50	59.00	61.14%
	70,000	106.50	175.50	69.00	64.79%
	80,000	116.50	195.50	79.00	67.81%
	90,000	126.50	215.50	89.00	70.36%
	100,000	136.50	235.50	99.00	72.53%
	110,000	146.50	255.50	109.00	74.40%
	120,000	156.50	275.50	119.00	76.04%
	130,000	166.50	295.50	129.00	77.48%
	140,000	176.50	315.50	139.00	78.75%
	150,000	186.50	335.50	149.00	79.89%
	160,000	196.50	355.50	159.00	80.92%
	170,000	206.50	375.50	169.00	81.84%
	180,000	216.50	395.50	179.00	82.68%
	190,000	226.50	415.50	189.00	83.44%
	200,000	236.50	435.50	199.00	84.14%
Average Usage	148,667	186.50	333.50	147.00	78.82%
Median Usage	52,500	89.00	140.50	51.50	57.87%

2" Meter					
	-	60.00	60.00	-	0.00%
	1,000	60.00	60.00	-	0.00%
	2,000	61.00	62.00	1.00	1.64%
	3,000	62.00	64.00	2.00	3.23%
	4,000	63.00	66.00	3.00	4.76%
	5,000	64.00	68.00	4.00	6.25%
	6,000	65.00	70.00	5.00	7.69%
	7,000	66.00	72.00	6.00	9.09%
	8,000	67.00	74.00	7.00	10.45%
	9,000	68.00	76.00	8.00	11.76%
	10,000	69.00	78.00	9.00	13.04%
	20,000	79.00	98.00	19.00	24.05%
	30,000	89.00	118.00	29.00	32.58%
	40,000	99.00	138.00	39.00	39.39%
	50,000	109.00	158.00	49.00	44.95%
	60,000	119.00	178.00	59.00	49.58%
	70,000	129.00	198.00	69.00	53.49%
	80,000	139.00	218.00	79.00	56.83%
	90,000	149.00	238.00	89.00	59.73%
	100,000	159.00	258.00	99.00	62.26%
	125,000	184.00	308.00	124.00	67.39%
	150,000	209.00	358.00	149.00	71.29%
	175,000	234.00	408.00	174.00	74.36%
	200,000	259.00	458.00	199.00	76.83%
	225,000	284.00	508.00	224.00	78.87%
	250,000	309.00	558.00	249.00	80.58%
	275,000	334.00	608.00	274.00	82.04%
	300,000	359.00	658.00	299.00	83.29%
Average Usage	195,186	255.00	450.00	195.00	76.47%
Median Usage	137,500	196.5	333	136.50	69.47%

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000
H-5 BILL COUNT

Residential 5/8 X 3/4"

Block	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1	15	16	20	17	15	14	18	13	21	14	33	26	222
1,001	19	23	30	14	24	16	14	18	35	17	42	20	272
2,001	39	50	38	27	37	41	25	37	57	32	63	67	513
3,001	54	72	49	26	49	43	35	33	73	54	100	78	666
4,001	79	89	57	26	53	45	44	57	58	66	111	109	794
5,001	83	95	90	37	59	53	56	54	82	75	129	115	928
6,001	98	113	110	37	58	51	52	52	76	74	108	105	934
7,001	118	115	135	36	52	64	49	43	74	73	109	117	985
8,001	120	121	124	42	60	51	41	52	68	83	104	110	976
9,001	132	118	125	35	45	42	50	59	72	76	78	90	922
10,001	44	57	60	83	94	97	97	94	116	122	96	112	1,072
12,001	43	25	40	87	100	103	103	100	120	126	100	116	1,063
14,001	27	20	26	81	79	81	87	89	90	97	66	76	819
16,001	8	3	20	74	59	59	71	79	57	66	27	34	557
18,001	7	3	10	100	65	65	77	85	61	70	31	38	612
20,001	14	13	14	110	90	102	101	115	58	80	28	32	757
25,001	8	7	7	67	39	49	67	66	27	46	14	10	407
30,001	6	4	6	44	21	46	44	37	13	16	3	10	250
35,001	5	2	5	18	8	19	28	25	6	9	3	2	130
40,001	4	2	4	18	11	21	32	19	5	11	2	6	135
50,001	1	1	4	9	3	12	10	10	2	2	2	1	57
60,001	-	-	-	3	1	6	1	1	-	1	-	-	13
70,001	-	-	-	2	1	3	5	1	-	-	-	-	12
80,001	-	-	-	3	1	2	-	-	1	-	2	1	10
90,001	-	-	-	3	-	1	1	-	-	-	-	1	6
100,000	-	-	-	-	-	-	-	-	-	-	-	-	-
OVER 100,000	-	-	-	1	-	-	-	-	-	-	-	-	1
137,500	-	-	-	-	2	-	-	-	-	-	-	-	2
219,000	-	-	-	-	-	1	-	-	-	-	-	-	1
124,000	-	-	-	-	-	1	-	-	-	-	-	-	1
147,000	-	-	-	-	-	2	-	-	-	-	-	-	2
148,000	-	-	-	-	-	-	-	-	-	-	-	-	1
181,000	-	-	-	-	-	1	-	-	-	-	-	-	1
193,000	-	-	-	-	-	1	-	-	-	-	-	-	1
675,000	-	-	-	-	-	-	1	-	-	-	-	-	1
355,000	-	-	-	-	-	-	-	1	-	-	-	-	1
129,000	-	-	-	-	-	-	-	1	-	-	-	-	1
359,000	-	-	-	-	-	-	-	-	1	-	-	-	1
271,000	-	-	-	-	-	-	-	-	-	1	-	-	1
115,000	-	-	-	-	-	-	-	-	-	1	-	-	1
135,000	-	-	-	-	-	-	-	-	-	1	-	-	1
172,000	-	-	-	-	-	-	-	-	-	1	-	-	1
	924	949	974	1,000	1,026	1,093	1,109	1,141	1,173	1,213	1,251	1,276	13,129

Average Number of Customers
Average Consumption
Median Consumption

1,094
12,345
12,500

1" Meter
(Jan - Apr done with averages with correct totals)

Median Consumption

1 1/2" Meter

Average Number of Customers
Average Consumption
Median Consumption

NEW RIVER UTILITY COMPANY TEST YEAR ENDED DECEMBER 31, 2000
H-5 BILL COUNT

2" Meter (Jan - Apr done with averages with correct totals)

Block	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1	1	1	1	1	2	1	-	2	1	1	1	1	13
1,001	-	-	-	-	-	3	4	1	1	-	2	2	13
2,001	-	-	-	-	-	-	-	1	-	-	-	1	2
3,001	-	-	-	-	-	-	1	-	-	2	-	-	3
4,001	-	-	-	-	1	-	-	-	-	-	-	-	1
5,001	1	1	1	-	1	-	-	-	-	-	2	-	6
6,001	-	-	-	-	-	-	-	-	1	-	1	2	4
7,001	-	-	-	-	-	-	-	1	-	-	-	-	2
8,001	1	1	1	1	1	-	-	1	1	1	-	-	8
9,001	-	-	-	-	-	-	-	-	-	-	1	4	5
10,001	1	1	1	-	1	1	1	-	-	-	1	1	18
12,001	-	-	-	-	-	-	-	1	6	3	-	-	1
14,001	-	-	-	1	-	-	-	-	-	-	1	1	4
16,001	-	-	1	-	-	-	-	-	-	-	-	-	3
18,001	1	1	1	1	1	1	1	-	1	3	2	2	14
20,001	-	-	-	-	-	1	-	-	-	2	-	-	3
25,001	-	-	-	-	-	-	1	1	1	1	2	-	5
30,001	2	3	4	-	1	-	1	-	-	-	3	-	16
35,001	1	2	3	-	1	2	1	-	-	-	1	4	15
40,001	-	-	-	-	-	1	1	-	1	3	5	-	11
50,001	4	4	5	1	2	1	-	1	2	-	1	3	22
60,001	-	-	2	1	-	1	-	1	1	3	1	1	11
70,001	-	-	-	-	-	-	-	1	1	-	1	2	5
80,001	-	2	1	2	-	1	1	3	-	-	1	2	13
90,001	-	-	-	-	-	-	-	-	1	1	-	-	3
OVER 100,000	-	-	-	-	-	-	-	-	-	-	-	-	-
150,000	13	9	5	21	-	-	-	-	-	-	-	-	48
113,000	-	-	-	-	2	-	-	-	-	-	-	-	2
145,500	-	-	-	-	2	-	-	-	-	-	-	-	2
162,667	-	-	-	-	3	-	-	-	-	-	-	-	3
183,000	-	-	-	-	1	-	-	-	-	-	-	-	1
279,000	-	-	-	-	1	-	-	-	-	-	-	-	1
690,111	-	-	-	-	9	-	-	-	-	-	-	-	9
110,500	-	-	-	-	-	2	-	-	-	-	-	-	2
272,000	-	-	-	-	-	1	-	-	-	-	-	-	1
968,526	-	-	-	-	-	19	-	-	-	-	-	-	19
112,000	-	-	-	-	-	-	2	-	-	-	-	-	2
144,500	-	-	-	-	-	-	2	-	-	-	-	-	2
170,000	-	-	-	-	-	-	1	-	-	-	-	-	1
210,000	-	-	-	-	-	-	1	-	-	-	-	-	1
266,333	-	-	-	-	-	-	3	-	-	-	-	-	3
600,733	-	-	-	-	-	-	15	-	-	-	-	-	15
122,000	-	-	-	-	-	-	-	1	-	-	-	-	1
149,000	-	-	-	-	-	-	-	1	-	-	-	-	1
155,000	-	-	-	-	-	-	-	1	-	-	-	-	1
192,000	-	-	-	-	-	-	-	1	-	-	-	-	1
229,333	-	-	-	-	-	-	-	3	-	-	-	-	3

